

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

RH02024992

September 3, 2003

**INITIAL STATEMENT OF REASONS
Trucker's Liability Coverage**

PURPOSE OF THE REGULATION

Pursuant to California Insurance Code Section 11624 California Insurance Commissioner John Garamendi will hold a public hearing regarding the recommendation of the California Automobile Assigned Risk Plan ("CAARP") to amend Rule 75 of the CAARP Manual to allow for a discount to container haulers picking up freight at the port of California and delivering within California.

NECESSITY OF REGULATION

A servicing carrier representative, at the request of a producer, ought to the committee's attention that the current plan rules do not address how to rate the excess cost of hire for container haulers picking up freight at the port of entry of California and delivering within state. These carriers are not subject to any operating authority when transporting within the state. After researching the issue, the subcommittee recommended that these risks should receive the same discount as risks requiring operating authority.

The proposed amendment will be revised to specify that a 90% discount is applicable for risks not subject to the Department of Motor Vehicles filing requirements that transport interstate commerce within the state of California. The CAARP Advisory Board approved the subcommittee's recommendation.

California Insurance Code Sections 11620 and 11624, the Commissioner approves the rules and regulations governing the administration of the plan rates for those obtaining coverage through the assigned risk plan. Before amending the plan for CAARP, the Commissioner holds a public hearing.

IDENTIFICATION OF STUDIES

The application relies upon the expertise of CAARP's Advisory Committee. Other than the application and accompanying explanatory memorandum and exhibits, however, no studies have been submitted for this proceeding.

SPECIFIC ACTIONS, PROCEDURES, TECHNOLOGIES OR EQUIPMENT

Adoption of the proposed changes would not mandate the use of specific technologies or equipment.

REASONABLE ALTERNATIVES

The Commissioner invites public comments on the proposed changes and reasonable alternatives which would be as effective to carry out the proposed changes.

ECONOMIC IMPACT ON BUSINESS

The Commissioner has initially determined that the proposed changes will not have a significant adverse economic impact on businesses. The Commissioner invites interested parties to comment on whether the proposed changes will have a significant adverse economic impact on business.